

Opening Statement  
Senator Mary L. Landrieu  
Subcommittee on Disaster Recovery Hearing Entitled:  
“Beyond Trailers Part I: Creating a More Flexible, Efficient, and Cost Effective Federal  
Disaster Housing Program.”  
April 19, 2007

Today we will talk about perhaps one of the most pressing of disaster recovery issues: disaster housing. The 2005 hurricane season exposed our methods and approaches as narrow-minded and uncreative. It became clear – quickly - that America has not taken the time to truly consider what can happen when an even larger catastrophe strikes and millions of individuals are forced from their homes indefinitely.

In Hurricane Katrina, 205,330 homes were destroyed in Louisiana and 68,729 in Mississippi, displacing nearly 605,000 people. Estimates show as many as \$82 billion in property damage with insured losses exceeding \$40 billion. Then, to add insult to injury, Hurricane Rita displaced many of those same people again. Hurricane Rita made landfall near the Texas and Louisiana causing approximately \$10 billion in estimated property damage. Hurricane Rita created caused significant damage from Alabama to eastern Texas and caused flooding in some areas of Louisiana that had seen flooding from Hurricane Katrina about a month earlier. Hurricane Rita severely

damaged or destroyed more than 23,600 housing units in Southwest Louisiana and Southeast Texas. . The storms of the 2005 hurricane season brought about perhaps the greatest housing challenge faced in this country's history.

As the levees broke and our communities filled with water, people had to wade out of their homes, taking whatever belongings they could physically carry with their hands, and loading their elderly relatives on makeshift rafts. As these people tried to reestablish their lives, they made their homes temporarily with relatives, with friends, in hotels, on cruise ships. Then, they were told, they would be given FEMA trailers. The trailer program makes trailers available to eligible applicants as soon as they are shipped and installed. The program is designed to last 18 months, but that time period is allowed to be extended if the President decides to do so. In February, the 18 month deadline passed and President Bush extended it for 6 months—a ridiculously short amount of time for a disaster recover expected to last another 10 years. .

Disaster housing assistance is delivered through provisions in Section 408 of the Stafford Act, which addresses intermediate to long term housing

needs. Section 408 assistance is referred to as the Individual and Households Program (IHP), which provides both financial and direct assistance to approved applicants.

- IHP’s financial assistance provides up to \$26,200 for home repair, home replacement, and
- “Other Needs Assistance”, which includes replacing clothes, TV’s, furniture etc.

That \$26,200 cap also includes rental payments for individuals unable to remain in their homes following a disaster. IHP’s direct assistance program enables the President to provide dwellings for individuals and has traditionally used trailers and mobile homes as the model.

According to a March 25<sup>th</sup> FEMA document:

- Rental assistance is being provided to
  - 9,412 people in Louisiana and
  - 557 in Mississippi.
- Direct assistance in the form of trailers and mobile homes is being provided to:
  - 56,668 people in Louisiana and
  - 27,198 in Mississippi.

These are still huge numbers nearly two years away from the storms.

There have been significant problems with the management of FEMA's trailer program, which range from problems locating sites for multi-trailer "parks" for large groups of disaster victims, to problems maintaining the parks, to issues with utility hook ups, and as in Arkansas, problems with FEMA's storage of thousands of trailers which are wasting away.

To be sure, FEMA housed a historic number of individuals through its trailer program. Because of Hurricane Katrina's devastation, FEMA made the decision on August 31, 2005, to procure 20,000 manufactured housing units, for approximately \$1 billion, to address anticipated housing needs and planned to purchase over 100,000 units. By September 6, 2005, FEMA's priority issues in Louisiana were stabilizing shelter operations and food distribution; in Mississippi it was supporting shelters and the relocating of evacuees as well as identifying emergency group sites for travel trailers; and in Alabama it was coordinating the installation of travel trailers on individual private sites and developing group sites. FEMA began moving

approximately 5,000 manufactured homes from its inventory to staging areas, had 60,000 travel trailers being produced at the rate of approximately 120 per day, and awarded a contract for 1,500 modular structures. The first family to be placed in a travel trailer occurred 12 days after the disaster was declared, but it would be hundreds of days before large numbers began to be moved.

FEMA experienced difficulty in identifying acceptable sites to place units and was slow in identifying applicants to occupy units. For example, several sites initially identified by FEMA in Louisiana to place multiple units were not well coordinated with local officials, and local officials determined placement was not acceptable. Because of their lack of planning and preparation, FEMA over purchased manufactured homes and they also purchased the wrong type of homes. FEMA regulations prohibit using manufactured homes in flood plains; therefore, the manufactured homes and modular homes cannot be used where most needed, i.e., in parts of Louisiana and Mississippi. In the most famous case, due to FEMA's failure to procure the proper types of manufactured homes, thousands were left in a lot in Arkansas to rot and waste away. Many remain in that same spot as we speak.

Before Katrina and Rita, housing 40,000 individuals in trailers was a record number and had pushed FEMA to its limits. However, after the storms of 2005, over 120,000 were needed.

We have invited Dave Garratt, the acting FEMA official in charge of this program. We will ask him to address some of the concerns that have become apparent through press articles and other reports of issues and concerns facing the program participants. We will also ask that he provide a report on the progress of the development and implementation of the National Disaster Housing Strategy and the Individuals and Households Pilot Program, both created as part of the Homeland Security Appropriations Act of 2007 enacted late last year. We will hear from Henry “Junior” Rodriguez, President of St. Bernard Parish, who will provide a state perspective. He will talk about his experiences with FEMA and the program, specifically as it relates to trailers. We will also hear from Sheila Crowley of the National Low Income Housing Coalition (NLIHC) who has been an advocate for disaster victims receiving this assistance. The NLIHC worked hand and hand with the Lawyers Committee on Civil Rights, who brought a suite against FEMA that resulted in FEMA restarting benefits to

some of the individuals who lost their assistance in the transfer from Section 403 to Section 408 assistance. Lastly, we will hear from Bill Croft of the Shaw group who will talk about trailer management from the industry/contractor point of view.

After the storms, Congress began to look for ways to provide more flexibility for disaster housing. In an attempt to explore new models for transitional housing, in the fourth emergency supplemental appropriations bill last year, the Congress created the Alternative Housing Pilot Program (AHPP). This program was created with the specific purpose to better serve the housing needs of homeowners displaced by Hurricanes Katrina and Rita and, at the same time, to spur new alternatives to the trailer housing traditionally deployed by FEMA following such disasters. The program received \$400 million which was to go to the “hardest hit areas” from the 2005 hurricanes with the goal to both provide immediate housing for victims of Hurricanes Katrina and Rita and to allow FEMA to look beyond its existing model, which only allows for temporary housing projects.

The program was created with these goals in mind and was given a sizable amount of funding with which to fully explore innovative and different ways to move away from the standard FEMA approaches. Unfortunately, it is not clear that this has been the result. That is why we are holding this hearing today – to see if the goals Congress set have been met, to ensure that FEMA is utilizing the taxpayers’ funds effectively, to encourage FEMA to fully explore the best new ways to provide immediate housing to provide significant benefits and immediate housing for our Gulf Coast residents.

At this point, let me state for the record that I believe FEMA failed miserably in effectively utilizing this \$400 million and this one-time exemption from Stafford Act regulations. FEMA was consistently contacted by members of Congress to ensure that the AHPP was not a wasted opportunity and I submit for the Record six letters to FEMA from the Louisiana Congressional delegation on this issue. I should note that the first of these letters was sent on July 7, 2006 – at least three months before FEMA issued its guidelines for the program. I would also like to submit for the record three letters from FEMA.

FEMA took an opportunity to ‘think outside the box’ and instead created a program that was flawed from the start. First, FEMA created the AHPP as a competitive grant program, which under normal circumstances should allow the best proposals to win out. However, FEMA did not cap individual awards for the program, allowing for the possibility, however remote it might have seemed at the time, of a ‘winner-take-all’ program. Second, with very vague guidelines, the agency gave states 35 days to develop as many project proposals as they wanted to submit by October 25, 2006 deadline. For a massive \$400 million program, and the fact that they were asking for new, innovative proposals this seems to many, including myself, as a very short timeframe in which to fully develop substantive proposals. I am aware that the State of Louisiana requested an extension of this short deadline, but was declined by FEMA.

Next, after all the states submitted their proposals, 29 in total, FEMA convened an AHPP Review Panel in Denver, Colorado in November 2006 to review and rank the various proposals. I am pleased that Mr. Duany is here today because when I think of someone who should have been on this panel, I think of experts like him who can really ‘think outside the box’ and bring a wealth of expertise to the table. Not to sell FEMA or DHS staff short, but

when I think of new and innovative housing, I do not picture FEMA as being at the cutting edge of new housing alternatives. However, on this panel in Denver, FEMA and DHS comprised seven of the eight Federal panelists, with only three outside experts. To be fair, the outside experts were a state government housing official and experts in architecture and construction from the private industry but the panel was clearly weighted towards Federal officials. This begs the inevitable question – “If you are looking for ways to move beyond FEMA trailers, why in the world would you have most of the people who create and use FEMA trailers score proposals?”

Lastly, as I have indicated this panel, comprised of mostly Federal officials ranked and scored the 29 proposals. In the final rankings of these new and different proposals, it just so happens that the panel ranked a proposal number two, a proposal which by FEMA’s own documents is described as:

“similar to FEMA’s travel trailers with enhancements such as an air conditioned attic for additional storage, Energy Star HVAC system, no roof penetrations, rot/mold/moisture resistant materials, and a front

porch....Similar to travel trailers the Park Model will remain on wheel permanently.”

I would like to submit this document for the Record. We have a very popular Southern saying that “You can put lipstick on a pig, but it is still a pig.” Well, this ‘pig’ just happened to request \$400 million – the entire allocation for AHPP! So you have a panel comprised mostly of Federal officials and few outside experts, it is not surprising they liked a proposal to put air conditioners or porches on FEMA trailers! However, I believe that does not meet the intent of Congress for this program and, in the end, the decision to fund five of the top six competitive proposals, including \$275 million for this one project, limited the ability to fully explore more competitive proposals. This decision, made by one official alone, led to over 70 percent of the funds going mostly to two proposals when another option on the table would have funded ten total proposals. It effectively sucked up all the funds which could have gone to an additional five proposals in the competitive range.

So from the start, this program was flawed and I believe that the end result, the final allocations of funding is in itself flawed. There was not

enough time to truly come up with innovative proposals, FEMA did not have enough outside expertise on the panel to critically judge the new alternatives on the table, and one person was allowed to make a critical \$275 million decision. I am hopeful that, out of the five ‘winning’ proposals, some great new alternative housing models will come out. The residents of the Gulf Coast, as well as those impacted by future disasters, deserve nothing less.

With that, I turn to my colleagues for their opening statements.